

L. R. B. & M. JOURNAL

VOLUME 11

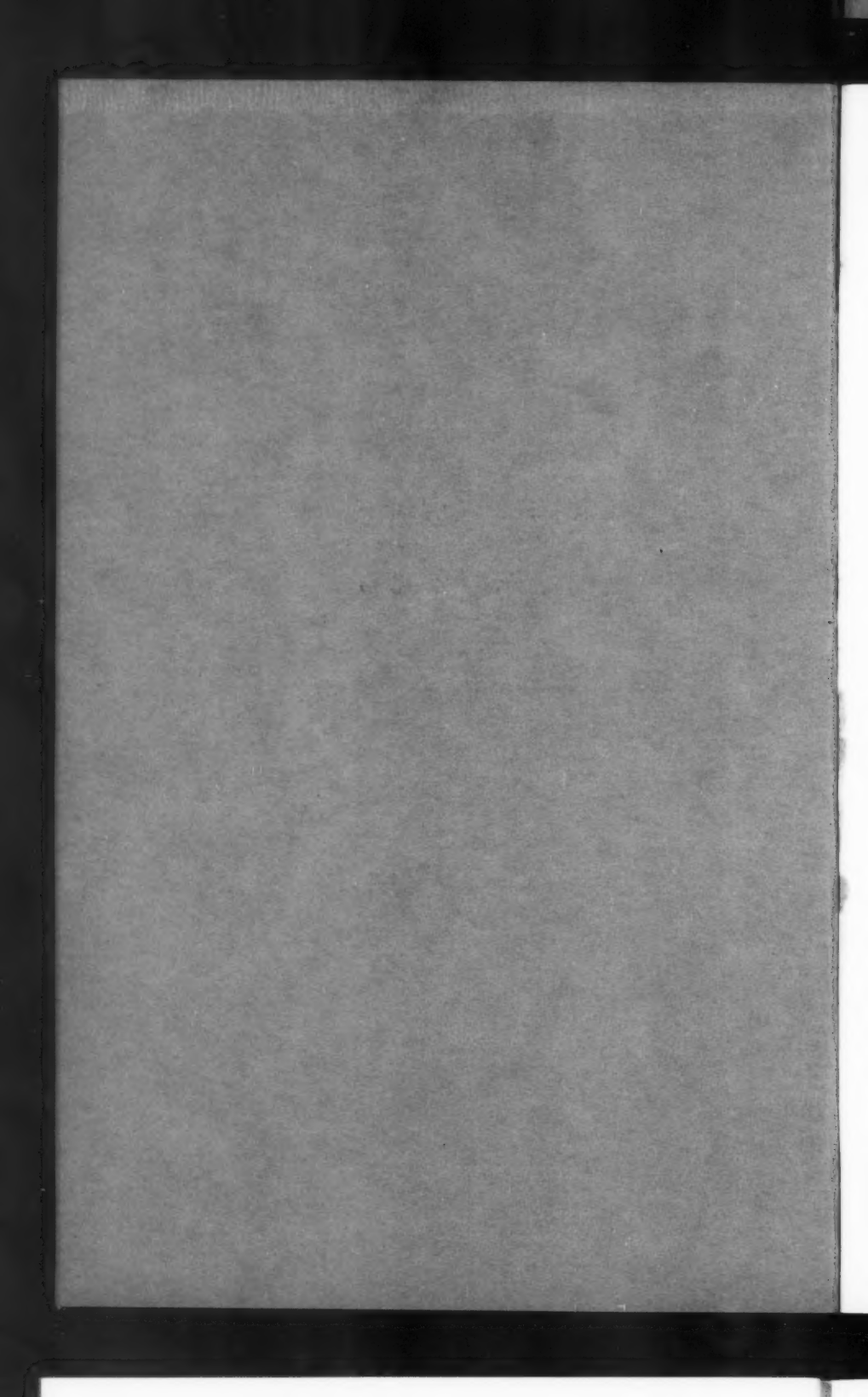
NUMBER 1

JANUARY, 1930

Published by

LYBRAND, ROSS BROS. & MONTGOMERY

Accountants and Auditors



THIS ISSUE OF THE
L. R. B. & M. JOURNAL
IS INSCRIBED TO THE GROUP OF
MEN WHO HAVE RECENTLY BEEN ADDED
TO THE ROSTER OF PARTNERS OF
LYBRAND, ROSS BROS. & MONTGOMERY

Foreword

A SPECIAL NUMBER of our JOURNAL commemorated, seven years ago, the twenty-fifth anniversary of the founding of our firm. Our memories harked back then to the time when the four senior members began their practice in the good old city of Philadelphia. During the twenty-five years, marked changes had taken place. The one small office in Philadelphia had grown to large proportions. The increasing practice elsewhere had resulted in the establishment of offices in New York, Chicago, Boston and other cities. Membership in the firm comprised in the beginning only the four who are represented in the firm name, but during the period the names of eight other partners had been added to the firm roster.

It is hard to realize that seven years have passed since the twenty-fifth anniversary was celebrated. Changes have taken place. A break has come in the ranks of the four

seniors through the passing on of Adam A. Ross. The firm membership has been increased by the addition to it of Carl T. Keller in Boston and Prior Sinclair in New York.

Now, this year, 1930, marks the admission to our partnership ranks of the group of men referred to herein, and in whose honor this special number of our JOURNAL is issued.

Recognition of true worth is always a pleasing task, if one may call it a task. In this case, it is particularly gratifying. All the men have been associated with us for years. Their ability, energy, and loyalty to the firm's interests have been abundantly demonstrated. We look forward to an even closer and happier relationship in the future than has existed in the past, satisfactory as that has been. In the name of the firm I extend to them a hearty welcome.

WILLIAM M. LYBRAND.

L. R. B. & M. JOURNAL

VOLUME ELEVEN

JANUARY, 1930

NUMBER ONE

Hermon F. Bell

HEREDITY seems to have played at least a small part in determining the field of accounting in which Mr. Bell should become recognized as an authority, namely, department store accounts in particular and retail accounting in general. His father was proprietor of a retail furniture business in Bristol, R. I., and Worcester, Mass. It was in the former city that Mr. Bell was born in 1880.

He attended the high school in Worcester for one year and that in Bristol for three years. He received the degree of Bachelor of Arts from Amherst College in 1901 and while there also gained the coveted Phi Beta Kappa key. The school year 1901-2 was devoted to the study of mathematics and engineering at the Massachusetts Institute of Technology. The following three years were spent in post graduate work at Yale University.

In 1906 Mr. Bell came to New York where he has been continuously since. His first business experience again pointed to the line, in the accounting for which he has specialized, as he was for a few months a salesman in the carpet department of two department stores. Then followed several years as bookkeeper and almost five years with two public accounting firms.

Mr. Bell came to the New York office of our firm in 1912 and has therefore been with the firm through the years of large development which

followed the earlier years of careful foundation laying.

In addition to his intense activity in the New York office, Mr. Bell has for almost ten years years conducted a class in retail accounting in the Business School of Columbia University. He is a certified public accountant of



HERMON F. BELL

New York and a member of the American Institute of Accountants, American Society of Certified Public Accountants, New York State Society of Certified Public Accountants, National Association of Cost Accountants and the American Association of University Instructors in Accounting. At the present time he is serving as chairman of the technical committee of the New York State Society of Certified Public Accountants on retail accounting.

George R. Drabenstadt

GEORGE R. DRABENSTADT was born at Mt. Joy, Penna., in 1883, and maintains a home at nearby Marietta on the Susquehanna River



GEORGE R. DRABENSTADT

now. He attended the Mt. Joy grade and high schools and later graduated

from the Millersville State Normal School and the Wharton Evening School of Finance and Commerce at the University of Pennsylvania.

Before entering the Philadelphia office he taught in public schools in Pennsylvania and was employed in the Accounting Department of the Lehigh and New England Railroad. Mr. Drabenstadt has been with the Philadelphia office since 1913, where he has enjoyed a varied experience in accounting work covering mining, manufacturing, public utility, and municipal engagements, in addition to responsibilities in office and personnel administration. His Certified Public Accountant certificate in Pennsylvania was received in 1924.

He is a member of the American Institute of Accountants, the Pennsylvania Institute of Certified Public Accountants, and the National Association of Cost Accountants. He belongs to the Penn Athletic Club and his favorite occupation away from the office is gardening.

A. Karl Fischer

A. KARL FISCHER is a native of Philadelphia. He was born in 1891 and graduated from the public schools and the Episcopal Academy of that city. He held summer clerical positions with the Pennsylvania Railroad and other companies while at the Episcopal Academy and upon graduation in 1908 entered the employ of the Philadelphia office.

He has been with the Philadelphia staff continuously since 1908 except for two years during the World War. Mr. Fischer was overseas for six months. He was severely wounded at St. Mihiel while serving as Second Lieutenant in the 360th Infantry and was in the hospitals in France and this country for ten months, returning to the Philadelphia office in July, 1919.



A. KARL FISCHER

His experience has been exceptional, and has included banking, brokerage and insurance as well as industrial, commercial and public utility work, special financing and investigations. During 1917 he served for a short time as an Examiner for the Interstate Commerce Commission. His certificate as Certified Public Accountant was received in Pennsylvania in 1920.

Mr. Fischer is a member of the American Institute of Accountants, the Pennsylvania Institute of Certified Public Accountants and the National Association of Cost Accountants.

His favorite recreation is golf, his home course being the Riverton Country Club at Riverton, New Jersey.

Richard Fitz-Gerald

RICHARD FITZ-GERALD was born in Cork, Ireland. He attended the public schools there, and later was a student in a private school in Madras, India, and in Queen's College, University of Dublin and the Royal Naval Academy. He served as second-lieutenant in the Survey Service, China Station.

Coming to New York, in 1905, he took up public accounting. In 1911 he received his degree as a certified public accountant of New York, and in 1920 he secured the Michigan degree as well. During the late war he served in the special service section of the British Army, 1915-1916, with the rank of captain. He was general auditor for the United States National



RICHARD FITZ-GERALD

War Work Council of the Y. M. C. A. in 1918.

Mr. Fitz-Gerald's earlier accounting experience was gained in the offices of Suffern & Son and Homer S. Pace, in New York. Later, for several years, he practiced individually and as a member of the firm of Eckes, Fitz-Gerald & Dean, in New York City. In

the year 1919 he became a member of the New York office organization of Lybrand, Ross Bros. & Montgomery. The following year the Detroit office, which was opened at that time, was placed in charge of Mr. Fitz-Gerald and he now becomes resident partner at that office.

Walter B. Gibson

THE new Los Angeles partner, Walter Burnap Gibson, is of old New England stock and was born in Lowell, Massachusetts, where he re-



WALTER B. GIBSON

ceived his early education. Graduating in 1911 from Dartmouth College with the degree of Bachelor of Arts (cum laude), he pursued graduate work in accounting at the Amos Tuck School of Administration and Finance, receiving the degree of Master of Commercial Science in 1912.

Mr. Gibson's first business experience was with the public utility firm of Stone & Webster. After a brief period of seasoning in the treasurer's office of that firm in Boston, he was assigned to a street railway and electric lighting property in Ponce, Porto Rico where, in three years, he went through the various stages from cashier to chief clerk, assistant treasurer, and acting manager. In Porto Rico he first met Miss Edith Seitz, who later became Mrs. Gibson.

Returning to the States in 1915, Mr. Gibson was drawn away from public utility work by an opportunity to become assistant to the comptroller of the National Cloak & Suit Co., a large New York mail order house, where he made the acquaintance of Mr. Theodore F. Merseles, who later, as president of the Johns-Manville Corporation, was a valued friend of our firm. In the following year, however, Mr. Gibson renewed his affiliation with Stone & Webster and became chief clerk of a large utility at Savannah, Georgia. He was later transferred to a similar utility at Galveston, Texas, as assistant treasurer, and after a year and a half went to their Beaumont (Texas) company as railway superintendent and claim agent.

Finding that the then Stone & Webster policy of frequent moves, while productive of varied and valuable experience, had several objections from the viewpoint of family and friendships, Mr. Gibson left Beaumont in 1919 to become a senior accountant upon the staff of Storer & Bishop, a small Boston firm of excellent standing. A year later, an application previously filed with L. R. B. & M. brought fruit and in March, 1920, he joined the staff of the Boston office.

Mr. Gibson's work in the Boston office continued for five years, during most of that time as supervising accountant, specializing particularly in fiduciary engagements and public utility work. In the summer of 1923 he was assigned to the New York office, where, for a period of several months he worked with Mr. Staub on various tax cases. Later in that same year he was loaned to the Detroit office to take charge of an important rate case involving the City of Detroit and one of its local utilities.

In the fall of 1925 Mr. Gibson was selected by the firm to assist Mr. Keast in the handling of the Pacific Coast practice which had been acquired from Messrs. Klink, Bean & Co. at the beginning of 1924. For the past four years he has acted, under the direction of Mr. Keast, as manager of the Los Angeles office which has made rapid progress.

Mr. Gibson is a Certified Public Accountant of Massachusetts and California, and in 1923 passed the certifying examination of New York State. He is an associate member of the American Institute of Accountants; a member of the California State Society of Certified Public Accountants and a director of the Los Angeles chapter of that Society.

Mr. Gibson is a member and director of the Los Angeles Alturian Club (comprised of ex-Rotarians); president of the Southern California Alumni of Dartmouth College; member of the California Country Club; the Los Angeles Athletic Club, and the Masonic fraternity. He is also interested in church activities and is at present a member of the Executive Committee of the First Congregational Church of Los Angeles, which has in charge the building of an important new church edifice.

Mr. Gibson, for some years has been connected with accounting education, and while in Boston was head of the Accounting Department of Northeastern University School of Commerce & Finance.

Mr. Gibson's family now includes two daughters and one son. He enjoys golf, but, as he says, so far his entry in the annual L. R. B. & M. tournament has been unproductive of any particular results.

Clarence R. Haas

CLARENCE R. HAAS was born at Shamokin, Pennsylvania, in 1888. After attending and graduating from the Shamokin High School, he completed a special course at the



CLARENCE R. HAAS

Wharton School of Finance and Commerce at the University of Pennsylvania. From 1908 to 1914 he was employed as bookkeeper with the Shamokin Lumber & Construction Company.

Mr. Haas entered the Philadelphia office as a student in the first summer class conducted in the office in 1916. During the World War he was stationed at Camp Lee in Virginia where he was in charge of the accounts of camp exchanges. He has obtained particularly valuable experience in public utility assignments, as well as in general auditing and accounting work for brokerage, industrial and mining enterprises.

He is a member of the Pennsylvania Institute of Certified Public Accountants and his principal avocation is gardening pursued at his home in Langhorne, Pennsylvania.

Norman J. Lenhart

NORMAN J. LENHART, of the New York office, was born in 1894, in Mattoon, a railroad town in the center of the State of Illinois. He attended the public grade and high schools in Mattoon, during which time he studied the piano and pipe organ, becoming sufficiently proficient along those lines to become the organist at one of the local churches, and pianist at the local theatre. As an illustration of the manner in which one's like work is determined, it may be of interest to note that the leading village undertaker was also the principal bass singer in the church. At this time Mr. Lenhart had some thought of making music his career, but it developed that



NORMAN J. LENHART

the village undertaker was a former public accountant, and strongly recommended that profession, as he claimed that some accountants received as high as \$25 per day for their services. This financial prospect at once determined Mr. Lenhart to abandon the thought of a musical career and to take up accounting in a serious way.

The prospective public accountant then studied for four years at the University of Illinois, graduating in 1916, and received the degree of Bachelor of Arts. One of the earliest text books Mr. Lenhart studied, was Montgomery's Auditing Theory and Practice, and no doubt as the result of this early impression, he applied, shortly before graduating from the University, for a position with the Chicago office of Lybrand, Ross Bros. & Montgomery. As the result of an interview with Mr. Henderson, partner at that office, he took a position with Arthur Andersen & Company, with which firm he was connected until the summer of 1919, when he again applied for and ob-

tained a position with the Chicago office of Lybrand, Ross Bros. & Montgomery. He was with that office until December, 1927, when he was transferred to the New York office. During the time he was with the Chicago office, about half of his time was spent in connection with income tax matters.

Mr. Lenhart is a Certified Public Accountant of New York and Illinois, is a member of the American Institute of Accountants, the New York State Society of Certified Public Accountants, and the American Society of Certified Public Accountants. He also belongs to the Illinois Chapter of Delta Phi, and to Baltusrol Golf Club. He is an ardent, although he claims indifferent, golfer, and further states that he was an addict of both baseball and tennis and considered himself quite competent along both lines of sport until entering the University of Illinois, where the superior ability of competitors discouraged him in both lines of sport. He is married, and lives in Summit, New Jersey.

William F. Marsh

WILLIAM FRANKLIN MARSH was born at Burlington, New Jersey, in 1893, and attended the grammar and high schools at Camden, New Jersey, and the Wharton School of Finance and Commerce at the University of Pennsylvania. He was employed by the Central Trust Company at Camden, New Jersey, for four years, holding successively the positions of clerk, bookkeeper and teller, and was with The Atlantic Refining Company at Philadelphia for a short time before joining the staff of the Philadelphia office in 1916.

In May, 1917, Mr. Marsh enlisted as apprentice seaman in the United



WILLIAM F. MARSH

States Naval Reserve Force and was later promoted to the rank of Ensign in the Pay Corps, receiving his discharge in June, 1919. After returning from his naval service, Mr. Marsh entered the Pittsburgh office. When Mr. Keast went to San Francisco on January 1st, 1924, Mr. Marsh was appointed Manager of the Pittsburgh office, where he has served successfully since.

He is a member of the American Institute of Accountants, the American Society of Certified Public Accountants, Pennsylvania Institute of Certified Public Accountants, and the National Association of Cost Accountants. At the present time he is Presi-

dent of the Pittsburgh Chapter of the National Association of Cost Accountants; he has served as a member of the Council of the Pittsburgh Chapter of the Pennsylvania Institute, and as a member of the Committee on Professional Ethics of the Pennsylvania Institute.

His certificate as Certified Public Accountant was received in Pennsylvania in 1921. Mr. Marsh is a member of the Union Club of Pittsburgh, the Pittsburgh Athletic Association, Stanton Heights Golf Club, Pittsburgh Chamber of Commerce, Accountants Club of New York, Automobile Club of Pittsburgh, and the Conewango Club of Warren, Pennsylvania.

Homer L. Miller

CONTRARY to the general belief all native sons of Indiana do not earn their livelihood by writing novels and plays. Homer L. Miller, born in

Indiana, was educated in public and normal schools in that state, after which he became an instructor in a local business college.

After a varied business experience he took a position as traveling auditor for the Indiana Refining Company, and in 1914 entered the employ of a public accounting firm at Chicago. He later completed courses at the Walton School of Commerce and in 1918 received the degree of certified public accountant from the State of Illinois. In the same year he was admitted to membership in the American Institute of Accountants.

In April, 1919, he joined the staff of Lybrand, Ross Bros. & Montgomery at New York City, his first engagement being an assignment in Cuba as one of a party of a dozen men who were there with Mr. Staub for almost three months. In the latter part of 1919 he was transferred to our Chicago



HOMER L. MILLER

office. He has been secretary and a director of the Illinois Society of Certified Public Accountants since August, 1928.

Mr. Miller is a member of the Midland Club, Cambridge Club, and Calumet Country Club. He has been secretary of the last named since 1925.

Donald P. Perry

DONALD PUTNAM PERRY of the Boston office is by ancestry, education and business experience a New Englander. He was born in 1895, in Danvers, Massachusetts, which was originally a part of the Salem colony. He attended the public grade and high schools in Danvers and then studied four years at Harvard University, where he was graduated in 1916, receiving the bachelor of arts degree with honors in mathematics. The year following college, he taught mathematics at Loomis Institute, a private boys school in Windsor, Connecticut, and there had his first contact with accounting when he was called upon in an emergency to substitute as instructor in elementary and advanced bookkeeping for an incapacitated fellow teacher in the school's commercial department. America's entry into the World War interrupted this teaching experience in 1917. After officers training courses in America and France, Mr. Perry was commissioned a second lieutenant of field artillery and was assigned to the 149th Field Artillery, a unit of the famous 42nd Rainbow Division. With this regiment he saw active service in the Battle of the Argonne and in the Army of Occupation on the Rhine.

On leaving the army in 1919, Mr. Perry took a temporary post as voyage auditor with the United States Shipping Board in Boston. It is interesting that less than two years later he

was in Washington assisting in the investigation and audit of the Shipping Board and Emergency Fleet Corporation which our firm made in 1921. It was while a voyage auditor that Mr. Perry's attention was directed towards Lybrand, Ross Bros. & Montgomery. The controller of one of the shipping companies whose voyage accounts were audited lent him a copy of Colonel Montgomery's "Auditing Theory and Practice" and told him that, in his opinion, Lybrand, Ross Bros. & Montgomery was the best firm of professional accountants one could hope to join. Mr. Perry, impressed by this advice, sought an interview with Mr. Sweet and apparently the mutual first impressions were satisfactory for the



DONALD P. PERRY

former joined our Boston office staff in the fall of 1919.

Mr. Perry has been a member of the organization at the Boston office since that time except for a period of a little over a year in 1923-1924 spent in the employ of a Boston client, which afforded valuable experience in fiduciary and investment accounting and in personal income tax procedure. In 1920, he passed the American Institute examinations, and also secured his certificate as a Certified Public Accountant in Massachusetts. A five months engagement in 1926 took him to many of the principal European countries with a Boston client. Otherwise his practice has been in New England territory for the most part, bringing him into contact with such New England industries as fishing, textiles, pulp and paper as well as with some of Boston's banking institutions and investment companies. Of recent years he has had

more than usual opportunities of working on audits and accounting investigations of gas and electric utility companies.

In addition to being an associate member of the American Institute of Accountants, Mr. Perry is a fellow of the Massachusetts Society of Certified Public Accountants and a member of the Boston Chapter, National Association of Cost Accountants. He belongs to Boston Chamber of Commerce, Harvard Club of Boston, Harvard Chapter Phi Beta Kappa, Tedesco Country Club in Swampscott, Mass., American Legion and Masonic Fraternity. He has not become an addict of golf, but enjoys tennis and squash and also tramping or camping in the hills and woods of New England. He is married and has a daughter and a son. The Perrys live near the sea at Beach Bluff, Massachusetts.

Donald M. Russell



DONALD M. RUSSELL

DONALD M. RUSSELL is a New Englander, born at Worcester, Massachusetts in 1891. He graduated from Worcester South High School and received the degree of Bachelor of Science from Worcester Polytechnic Institute in 1913 with election to the honorary societies of Tau Beta Pi and Sigma Xi. After graduation he was engaged in engineering research and graduate studies at Worcester Polytechnic Institute and at the Westinghouse Electric and Manufacturing Company at East Pittsburgh, Pennsylvania. He taught mathematics for one year at the Worcester Trade School and for one year at Worcester Polytechnic Institute and received the

graduate degree of Electrical Engineer from the latter institution in 1916.

During 1916-1917 he attended the Harvard Graduate School of Business Administration, and in March, 1917, entered the Pay Corps of the United States Naval Reserve Corps. He was assigned as Supply Officer at Bar Harbor, Maine, and as assistant to the Cost Inspector for Mine Sweepers, serving first as Ensign and later as Lieutenant (junior grade).

Mr. Russell joined the Philadelphia office in 1919 and has enjoyed a wide

experience in accounting for manufacturing, commercial, mining and institutional work. His degree as Certified Public Accountant was received in Pennsylvania in 1923. He is a member of the Pennsylvania Institute of Certified Public Accountants and the National Association of Cost Accountants. He serves on the Committee on Taxation and Public Expenditure of the Philadelphia Chamber of Commerce. Tennis and fishing are his favorite forms of recreation and he is proficient in both.

Walter L. Schaffer

WALTER L. SCHAFFER, Manager of the Baltimore office, is a native of New Jersey. Born in Centerton, New Jersey, in 1892, he attended the grade schools there and attended high school at Bridgeton, New Jersey. After graduation from high school in 1911 he entered the employ of the United Gas Improvement Company at Philadelphia. His experience in the public utility field was continued during the years 1914 to 1917 with the Coast Gas Company and affiliated companies at Belmar, New Jersey, where he served as general bookkeeper and later as auditor.

Mr. Schaffer joined the staff of the Philadelphia office in October, 1917, and in February, 1918, obtained leave of absence to serve with the American Expeditionary Forces in France. He enlisted in the 311th Infantry as a private and served later as a non-commissioned officer. Returning to the Philadelphia office in April, 1919, Mr. Schaffer obtained a broad experience in general auditing and accounting

practice, special tax cases and investigations for sales and financing of commercial enterprises. As Manager of the Baltimore office he has developed a successful practice in that territory, with many engagements taking him into the Southern States.



WALTER L. SCHAFFER

He received his certificate as Certified Public Accountant in Pennsylvania in 1925, and holds membership in the Pennsylvania Institute of Certified Public Accountants and the National

Association of Cost Accountants. In Baltimore, he belongs to the Merchants Club and The Hillendale Golf Club. He is an ardent devotee of Isaak Walton and golf.

Conrad B. Taylor

THE birth place of Mr. Taylor, unlike that of most of the members of our organization, was abroad, namely, at Bromley, Kent, England,



CONRAD B. TAYLOR

and his education was obtained principally at Alleyn's College in Dulwich, England.

His early business experience consisted of six years on the staff of the famous Lloyds (marine insurance) at the Royal Exchange in London. At the death of his father he left Lloyds to take over the management of a publishing and printing business which had been in the family since 1790.

Mr. Taylor's first experience of "report writing" consisted of completing some guide books left unfinished by his father, who, under the nom de plume

of "Walker Miles", was a pioneer in the writing of guide books for the country Rambler. Last year a memorial to the father, provided by public subscription, was unveiled on one of the highest hills in the south of England.

After disposing of the family business, Mr. Taylor came to America and gained some valuable experience as traveling auditor of the Russell-Miller Milling Co. of Minneapolis. Following this came some experience with newspaper accounts.

In November, 1917, Mr. Taylor joined the staff of our Chicago office. When our Detroit office was opened in 1920 he became associate manager with Mr. Fitz-Gerald. In 1922 he was transferred to our New York office to take charge of the Tax Department there.

Mr. Taylor holds certified public accountant certificates from both Michigan and North Dakota. His professional memberships include the American Society of Certified Public Accountants, the Michigan Association of Certified Public Accountants, and the National Association of Cost Accountants.

He was first secretary and later treasurer of the Detroit Chapter of the Cost Association. He is also a member of the Accountants Club and the West Side Tennis Club.

The principal recreations which have occupied Mr. Taylor's leisure time are tennis and music, in both of which he is very proficient.

The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. and Montgomery, for free distribution to members and employees of the firm.

The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvements; to encourage and maintain a proper spirit of cooperation and interest and to help in the solution of common problems.

PARTNERS

WILLIAM M. LYBRAND	New York	HERMON F. BELL	New York
T. EDWARD ROSS	Philadelphia	GEORGE R. DRADENSTADT	Philadelphia
ROBERT H. MONTGOMERY	New York	A. KARL FISCHER	Philadelphia
JOSEPH M. PUGH	Philadelphia	RICHARD FITZ-GERALD	Detroit
WALTER A. STAUB	New York	WALTER B. GIBSON	Los Angeles
H. H. DUMBRILLE	New York	CLARENCE R. HAAS	Philadelphia
JOHN HOOD, JR.	Philadelphia	NORMAN J. LENHART	New York
WALTER S. GEE	New York	WILLIAM F. MARSH	Pittsburgh
HOMER N. SWEET	Boston	HOMER L. MILLER	Chicago
T. B. G. HENDERSON	Chicago	DONALD P. PERRY	Boston
GEORGE R. KEAST	San Francisco	DONALD M. RUSSELL	Philadelphia
PRIOR SINCLAIR	New York	WALTER L. SCHAEFFER	Baltimore
CARL T. KELLER	MASSACHUSETTS Boston	CONRAD B. TAYLOR	New York

OFFICES

NEW YORK:	Downtown, 110 William Street Uptown, 385 Madison Avenue	CINCINNATI	1 West Fourth Street
PHILADELPHIA	Morris Building	ROCKFORD (ILL.)	321 West State Street
CHICAGO	231 South La Salle Street	SAN FRANCISCO	2 Pine Street
BOSTON	80 Federal Street	LOS ANGELES	Security Title Building
NEWARK	24 Commerce Street	PORTLAND	Porter Building
BALTIMORE	First National Bank Building	SEATTLE	L. C. Smith Building
WASHINGTON	Investment Building		
PITTSBURGH	Union Bank Building	FOREIGN	
DETROIT	Book Building	LONDON, ENGLAND	13, Charing Cross
CLEVELAND	Union Trust Building	PARIS, FRANCE	3 Rue des Italiens
		BERLIN, GERMANY	56 Unter den Linden

Was It Worth While? 1920 - 1930

Ten years ago, someone started the L. R. B. & M. JOURNAL. If I had been consulted I probably would have advised against it, fearing that I would be called upon to do part of the work. Nevertheless, the JOURNAL came into being. I have watched its growth with interest and pleasure. During the early years, I confess that I thought it would go the way of most house organs and drop out of sight as quietly as it ap-

peared. But it has grown and is now a real force in more ways than one.

Its editors possess the rare qualities of versatility, conviction and patience. Their labors have been rewarded to some extent by the many expressions of interest which come unsolicited from within and without our organization.

The firm was organized on January 1, 1898. I am writing this on January 2, 1930. We have extended our activities far beyond our wildest dreams

when we started in practice with more partners than staff.

Every day, rain or shine, since 1898, has found one or more of the partners on the job. We are still going strong, but in these strenuous times our organization would not last a day without the active and loyal cooperation of hundreds of skillful associates.

The actual work incident to the publication of the JOURNAL typifies the close relationship which has always characterized our way of conducting an accounting practice. Walter Staub has been Editor-in-Chief, and Bischoff has been his prophet—or whatever an able assistant is or should be. They have done so well that I am moved to write these very personal words of appreciation.

I hope that everyone who reads the JOURNAL will find in 1930 the best year she or he has ever had and the worst year she or he ever will have.

ROBERT H. MONTGOMERY.

International Congress on Accounting

Some interesting echoes of the Congress are now reaching us from the other side of the ocean. On page 19 is a reproduction of a letter which has come to Colonel Montgomery from the Dean and Secretary General of the Roumanian delegation of accountants to the Congress, in which Colonel Montgomery is informed that, as a recognition of his ability and the brilliant manner in which he presided over the sessions of the Congress, the Roumanian Government has awarded him the honor of Commander of the Crown of Roumania. The decoration is to be conferred shortly by the Roumanian Legation in Washington.

Another echo which was of considerable interest to us was the editorial comment in the December, 1929 issue of *The Accountant* (London), the organ of the Institute of Chartered Accountants in London and Wales. The leading editorial in that issue was devoted to the subject of "Consolidated Accounts" and contained the following reference to the paper on "Consolidated Financial Statements" which Mr. Staub had written for the International Congress on Accounting:

We think in this connection that Mr. Walter A. Staub, C.P.A., spoke a useful word when he stated in his address that "consolidated balance sheets and income accounts represent an effort to look through form to substance." The Companies Act, 1929, has increased the number of matters which must be disclosed in British balance sheets, and to this extent is effective in concentrating the accountant's and the auditor's attention on points of form; but, as Mr. Staub points out, in the realm of the disclosure of inter-company activities attention should be directed away from form to the concrete realities which lie beneath them. Whatever the application to particular cases, we are certain that to this general rule there can be no exception. A literature has yet to grow up around this subject and we think much of it will necessarily date from Mr. Staub's paper which is the most complete enumeration of the points which arise for discussion that we have yet seen.

In addition to reprinting the papers in full in its December 7 issue, *The Accountant* reproduced the discussion which had followed the presentation of the papers on Consolidated Accounts by Mr. William Cash, F.C.A., who dealt with the subject from the British viewpoint, and by Mr. Staub, who treated it from the American viewpoint. *The Accountant's* report of the remarks which Mr. Cash made at the time of the presentation of the papers, includes the following very

gracious reference to Mr. Staub's paper:

The speaker concluded by stating that he would not like to leave the platform without paying tribute to the paper which followed his, and in connection with which they would no doubt have the pleasure of hearing from Mr. Staub, who from his vast experience in those matters had most ably indicated the lines on which a balance sheet of that character should be prepared; and had dealt with the subject generally in great detail and with perfect clarity. He thought Mr. Staub's paper would remain one of the most important contributions that had ever been written on that subject.

This comment, coming from so eminent an accountant as Mr. Cash, who is a past president of the Institute of Chartered Accountants, is very highly valued, not only by Mr. Staub but by all of us.

Still another echo of unusual interest is an editorial which appeared in *The Financial Times* of London, bearing the caption "A League of Accountancy", which is reprinted on page 19 of this issue. This editorial indicates afresh that national boundaries cannot permanently fetter business and finance or the professions allied therewith, that the practice of accountancy has taken on an international aspect, and that more and more the definition and application of broad accounting principles must have in view conditions the world over and not merely within the boundaries of any one country. This is but a recognition of the problems arising from the fact that more and more business concerns are operating in a number of different countries with varying languages and business customs and that a considerable number of them have already attained a world-wide scope.

Rockford Office

For many years we have been called upon for service by outstanding manufacturers, banks and business men in Rockford, Illinois. Our practice in that city has been growing to such an extent that it became expedient for us in the closing days of November, 1929 to establish an office in that city. Mr. John W. Conrad of our Chicago organization was selected to represent us as manager, not only because of his exceptional ability but also because he had been in charge from time to time of many of our Rockford engagements and had gained the acquaintance and confidence of our Rockford business friends.

Rockford is not a large city, having a population of about 100,000, but it is nevertheless a manufacturing center of importance. It enjoys an enviable reputation for its production of fine and medium grade furniture, the output ranking favorably with that of Chicago, Jamestown and Grand Rapids. It has several large textile mills which produce every variety of hose and also certain other textile products. It is the home of the Barber-Colman Company, the products of whose factories represent inventive accomplishments such as intricate textile machinery, special gear making machine tools, automatic electrical room heat controls for household and office use, garage door operating equipment with or without controls by selective radio waves, noiseless electric motors and many others. Another well known Rockford product is heavy duty Ingersoll milling machinery. Still other important industries are represented in Rockford in the manufacture of office devices (Sundstrand adding machines), Ken-L-Ration,

wood-working machinery, agricultural implements, tinplate products, automotive parts, and there are several large grey and malleable iron and brass foundries.

Because the Rockford office is in a community whose business friends already know a great deal about the types and the quality of the service which we aim to render, we look forward with interest to its development and growth.

A Valued Recognition

In the account of the International Congress on Accounting which appeared in the September, 1929 issue of our JOURNAL, reference was made to the First Honorable Mention received by Myron J. Boedeker, of our Los Angeles office, for an essay submitted in the contest which had been arranged for the staffs of public accounting offices. Mr. Boedeker has again distinguished himself by having won the John F. Forbes Medal which is awarded annually to the candidate receiving the highest grade in the California C.P.A. examinations. Mr. Boedeker received the highest grade of 276 candidates who sat for the November, 1928 and May, 1929 examinations.

Bird's Eye View of Corporate Earnings

The follow extract from the National City Bank's January, 1930, monthly letter gives some interesting data concerning the development of corporation earnings during the past thirty years:

In connection with the studies on business profits made by this bank from time to time, a 30-year analysis has been prepared of a

group comprising fifty representative companies in various major industries for which reports are available as far back as 1900. A summary of the composite earnings at five year intervals, up to 1925, after which the single years are shown, is given below:

ANNUAL EARNINGS OF FIFTY REPRESENTATIVE CONCERNS IN DIFFERENT INDUSTRIES

Calendar Year	Net Profits 000's Omitted	Annual Rate of Change—%
1900	\$149,000*
1905	164,574	+ 2.1
1910	217,007	+ 6.4
1915	293,493	+ 7.0
1920	396,785	+ 7.0
1925	414,811	+ 0.9
1926	475,454	+14.6
1927	430,728	— 9.4
1928	512,086	+18.9
1929	563,294*	+10.0
1925-1929		+ 9.0
29 Year Average		+ 5.3

During the 29-year period from 1900 to 1929 (the figures for the latter being our own estimate) the average rate of increase in these profits was 5.3 per cent annually. The profits of 1929 are 36 per cent greater than of 1925, 41 per cent greater than of 1920, and nearly twice as large as of 1915. These figures must be qualified as indicating a rate of growth somewhat above the average for all corporations, inasmuch as they comprise the more progressive companies in different lines and some of the increase is accounted for by the acquisition of other companies by merger during the period.

The present recession in business affords a stimulus to effort for lowering industrial costs by raising the standards of efficiency. Many organizations are now going over their entire personnel with a fine tooth comb with a view to eliminating the less efficient workers who had been retained only because of the abnormally high rate of operations required earlier in the year. Plant and machinery layout is also being revamped, and numerous executives express the opinion that their factories can be run more economically on a basis of 80 per cent of capacity than at a 100 per cent rate.

*Partly estimated.

A Letter to Colonel Montgomery

(Translation of the French original)

Bucharest, Roumania,
December 15, 1929.

Dear President:

Allow me to inform you, that in accordance with my recommendation, the Roumanian Government is happy to accord to you the honor of Commander of the Crown of Roumania, in witness and recognition of your great ability and of the brilliant manner in which you presided over the meetings of the International Congress on Accounting. This great honor will be conferred upon you shortly by the Roumanian Legation in Washington.

The same decoration has been likewise accorded to President E. Van Dien.*

In offering you, at this time, my heartiest congratulations, I wish to

take the opportunity of again sincerely thanking both Mrs. Montgomery and yourself for all the kind attention shown to the Roumanian delegates and their wives.

We extend to you as well our best wishes for the coming New Year, and take this opportunity to beg you to accept, dear President, the expression of our highest esteem.

N. Butculescu,

Dean of the Roumanian
Delegation of Expert
Accountants

Petru Draganescu-Bratesh
Secretary General

Colonel Robert H. Montgomery,
President, International Congress
on Accounting,

385 Madison Avenue,
New York, N. Y.

* Mr. Van Dien was president of the second international congress held in Amsterdam in 1926. He also attended the first international congress held in St. Louis in 1904.—EDITOR.

A League of Accountancy

(Reprinted from THE FINANCIAL TIMES of London)

During the recent International Accountancy Conference at New York, Sir Woodburn Kirby made the suggestion that a League of Accountancy on the Geneva model would be a very desirable objective for the profession. The proposal has obvious merits. Conferences are all very well in their way, but they are as much, if not more, social than expert assemblies, and in no sense can their work be described as continuous. The effects are mainly ephemeral, and though the hob-nobbing of men of different nationalities to-

gether certainly stimulates views and broadens outlook, it is not sustained enough to counteract permanently the demoralising inertia of parochialism and insularity. To secure lasting results a settled organization must be founded, always in operation, always before men's eyes, and always at hand to be appealed to when necessity arises. Habit in these matters is as vital a factor as in our individual private and public lives, and from something familiar and well recognized we will accept with little or no question what

we should turn down without consideration from an institution that is not a fixed feature of our horizon.

Sir Woodburn's idea is based both on necessity and common sense. We are still industriously engaged in adjusting the affairs of the world after the Great War, but we are to a large extent attempting to do it in the absence of common standards of valuation. To create something in the nature of an international sense of values would be a great and beneficial achievement, and no profession is better placed to accomplish it than the accountancy. But to begin with there is a difficulty in the fact that varying ideas of the same thing exist even among accountants themselves in different countries, and that until these incongruities have been ironed out a real start cannot be made with the wider scheme. Sir Woodburn Kirby puts his finger on the essential point when he insists that the best beginning is to get a permanent international council in being, which by continuous investigation will evolve a common plan which would have a chance of obtaining general adherence from the profession throughout the world. Once that general adherence had been secured it could be enforced by law by each nation, and thus on main principles there would be an all-round practice everywhere which would greatly simplify the assessment of industrial values, and be of the greatest assistance to investors whose interests are geographically extensively spread.

At present, though an auditor may sign the balance sheet of a company engaged in precisely the same business in Great Britain, America or France, it by no means follows that the figures

he certifies represent exactly identical values. There are certain conventions about the worth of assets prevalent in different countries, and the auditor's report merely confirms that the figures correctly stand for values according to those conventions. An auditor is not an expert appraiser and, therefore, if the conventions vary the calculation will vary even if the same men be dealing with two or three different sets of accounts concerned with practically similar groups of assets. The depreciation allowance may fluctuate, for instance; there may be diverse views about fixed and current assets and capital liabilities and current liabilities, and disclosure of certain details in one country may not be regarded as expedient in another. The nature, source and possible utilization of surpluses are other fruitful causes of divergent opinions. Until there is some recognized general procedure in all these fundamental matters it is plain values must vary to a corresponding and disconcerting degree. In some states in America sums received from capital issues can be regarded as distributable earnings, and companies have been known to allot bonus shares without making any equivalent transfer to capital account.

Those who would justify such methods are in another dimension than those who work on the principles ruling here, say, and their attitude must be revolutionized before they can reach anything like an international standpoint. The illustration is admittedly extreme, but it shows that even in so mathematically exact a profession as accountancy is popularly supposed to be there is still need for a great deal of levelling up. The world may not go the faster for our driving, but it will mend its pace by our example.

al
s
n
s
s
o
n
e
ll
g
c-
-
n
;
d
s
f
t
r.
-
al
l
-
s
-
.
-
l
t
y
.
n
n
-
t
a
-
y
o
s
o
l
c

